

**Testimony of Marc S. Firestone
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**Before the Subcommittees on
Labor, Health and Human Services, Education and Related Agencies
and
Financial Services and General Government
Committee on Appropriations
United States Senate**

Watch What You Eat: Food Marketing To Kids

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Good morning Mr. Chairman and members of the Appropriations Committee. I am Marc Firestone, Executive Vice President of Kraft Foods.* It is a privilege to address you today on behalf of the more than 100,000 people who work at Kraft, the country's largest food company.

Thank you for holding this hearing and for your leadership on topics related to the well-being of children. You have set a tone that encourages people to work together, to find pragmatic solutions and to show real progress.

We recognize that childhood obesity is a serious public health issue. For any one person, the key is to find the right balance between calories in and calories out, but individual choices all take place within a broader context. Unfortunately, there's no simple way to improve diets and increase physical activity.

Economic conditions and access to nutritious foods; government policies and food company practices; parental involvement and school food programs; urban planning and building design: These and other factors all influence obesity rates. Therefore, as the FTC, the IOM and others have emphasized, we need a national effort that is comprehensive in addressing each of those factors.

A national commitment takes national leadership, which is what I believe you are providing through your encouragement -- your forceful encouragement -- to all participants in pursuing opportunities and addressing concerns within areas under their

* For more than a century, Kraft (www.kraft.com) has offered delicious foods and beverages that fit the way consumers live, including *Kraft* cheeses, dinners and dressings; *Oscar Mayer* meats; *Philadelphia* cream cheese; *Maxwell House* coffee; *Nabisco* cookies and crackers and its *Oreo* brand; *Jacobs* coffees; *Milka* chocolates; and *LU* biscuits. The company's stock (NYSE: KFT) is included in the Dow Jones Industrial Average and listed on the Standard & Poor's 100 and 500 indexes as well as the Dow Jones Sustainability Index and Ethibel Sustainability Index.

control. This includes government, the food and beverage industry, the entertainment and media industry, schools and parents. The consistent recommendation by experts for action on the part of food companies has been to change the mix of advertising to children to emphasize better-for-you choices and physical activity.

What Kraft Is Doing

In that spirit, I'd like to share examples of Kraft's leadership within the food industry.

In response to concerns over obesity rates, we announced in 2003 an 11-point initiative. We focused on product nutrition, consumer information, marketing practices and public policy engagement.

Then, in 2005, Kraft took a bold step when it created what has become a model for limiting children's advertising. Kraft already had a long-standing policy not to advertise our products in media primarily directed to children under the age of six. In 2005, we voluntarily adjusted our advertising practices globally, so that all TV, radio and print advertising viewed primarily by children ages 6-11 would feature only Kraft products that meet specific nutrition criteria. These products are labeled with our *Sensible Solution* flag, so consumers can easily identify the better-for-you options in our product line. In 2006, we extended this policy to our websites.

We phased out advertising primarily directed to children 6-11 for products that do not meet the *Sensible Solution* criteria. As a result, a number of well known, well loved Kraft products, including *Oreo*, *Chips Ahoy!* and the original versions of *Kool-Aid*, are no longer advertised to children.

It wasn't an easy decision for the company's management to take. But we heard loud and clear from policy makers and consumers alike that among the dozen or so actions that society should take, changing our advertising was the one most directly under our control as a food company.

Many of our competitors and other companies have since adopted a similar approach to their advertising under the auspices of the Council of Better Business Bureaus. We were pleased to be a founding member of this initiative and applaud the progress that's taken place in the last year and a half.

As part of the BBB initiative, most major food and beverage companies have committed to advertise to children only those products that meet specific nutrition standards. And advertising content increasingly encourages active behaviors and aims to model appropriate meals, eating behaviors and portion control.

In addition, we created the type of 100 calorie, portion-control packaging that is now common throughout the industry. In most cases, we didn't simply put the same product in a smaller package. We created special recipes for making cookies, crackers and other items in a single serving of 100 calories. This gives consumers another choice.

And we were the first to use dual-column nutrition labeling on small packages with multiple servings. These labels do the math for consumers by showing calories and other data both on a per-serving basis, as FDA requires, and for the whole package. This helps consumers make informed choices in managing their diets.

The FTC's recent report on food marketing has recommendations for next steps, many of which Kraft already has in place. For example, we don't engage in product placement in children's media or in-school marketing. Further, consistent with the FTC's recommendations, Kraft is participating with other food companies in the Keystone Roundtable to develop more uniform nutritional criteria and labeling for "better-for-you" products.

Conclusion

To conclude, I'd like to share Kraft's perspective on the overall effort to address youth marketing and childhood obesity.

First, we view self-regulation as a means to an end, not an end unto itself. Voluntary action by industry can indeed produce results, often faster than regulation or legislation. The shift in food advertising is a great example. From our perspective, the issue is less about the means and more about the substance: We are looking for approaches that make sense for our consumers and therefore for our company and our shareholders.

Second, we remain eager to find common sense approaches. Kraft has shown it's willing to lead, even if there's a competitive disadvantage, but we certainly prefer a level playing field, both for our business and for making an impact socially. Fourteen major food companies have now pledged to follow the BBB advertising principles, which goes a long way in that direction. We think other companies that advertise food or beverages to children should do the same.

Third, enduring change comes when there is proportionally equal effort by all those who can influence the calories in/calories out equation. I believe that Kraft and other food companies have made major contributions to the effort. But we're only one part of the equation. A nationwide approach that covers all key areas, from community intervention to food marketing to physical education in schools, and so on, is critical. We value the leadership and forceful encouragement that Members of Congress, the agencies and other bodies can bring to bear to ensure continued momentum in the right direction, including in areas over which we, as a food company, have little control.

In closing, I thank you again for inviting Kraft here today. We are honored to be part of an effort that has shown progress is possible. I look forward to answering your questions.